

**LEGISLATIVE SERVICES AGENCY
OFFICE OF FISCAL AND MANAGEMENT ANALYSIS**

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FISCAL IMPACT STATEMENT

LS 7166

BILL NUMBER: HB 1372

NOTE PREPARED: Mar 29, 2013

BILL AMENDED: Mar 28, 2013

SUBJECT: Knowledge Imputed to Real Estate Broker.

FIRST AUTHOR: Rep. Truitt

FIRST SPONSOR: Sen. Zakas

BILL STATUS: 2nd Reading - 2nd House

FUNDS AFFECTED: X **GENERAL
DEDICATED
FEDERAL**

IMPACT: State & Local

Summary of Legislation: *Knowledge of Defects*- The bill provides that information concerning defects in a property that are contained in records of prior transactions maintained by a brokerage may not be imputed to a broker or affiliated licensee of the brokerage unless the broker or affiliated licensee had actual knowledge of any adverse material facts or risks.

Bars Civil Action- The bill bars a civil action against a broker or licensee for failure to disclose a defect if the action is based on imputed knowledge.

Buyer May Not Invalidate- The bill provides that a buyer may not invalidate a real estate transaction or a contract to purchase real estate due to the buyer's failure to sign a seller's disclosure statement form that has been received or acknowledged by the buyer.

Effective Date: July 1, 2013; July 1, 2014.

Explanation of State Expenditures:

Explanation of State Revenues: *Bars Civil Action*- If fewer civil actions occur and fewer court fees are collected, revenue to the state General Fund may decrease. Fees collected when a civil case is filed include a filing fee of \$100, 70% of which would be deposited in the state General Fund if the case is filed in a court of record or 55% if the case is filed in a city or town court. The impact is expected to be minimal.

Explanation of Local Expenditures:

Explanation of Local Revenues: *Bars Civil Action-* If fewer civil actions occur, local governments would receive less revenue. When a case is filed, the county general fund receives 27% of the \$100 civil costs fee that is assessed in a court of record. Cities and towns maintaining a law enforcement agency that prosecutes at least 50% of its ordinance violations in a court of record may receive 3% of court fees. If the case is filed in a city or town court, 20% of the court fee would be deposited in the county general fund and 25% would be deposited in the city or town general fund. Additional fees may be collected at the discretion of the judge, depending upon the particular type of case.

State Agencies Affected:

Local Agencies Affected: Trial courts, city and town courts.

Information Sources:

Fiscal Analyst: Chris Baker, 317-232-9851.